

Page 11, First Full Paragraph Beginning with "Overall transaction processing is illustrated . . ."

Please delete the indicated paragraph, and replace it with the following:

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Overall transaction processing is illustrated in the flowchart of Fig. 4. In step 200, processing begins. In step 202, account information such as, for example, account number, balance, limit and other information, is stored in account table 112. In step 204, the receiver 106 is presented with transponder 102 within range of electromagnetic coupling, such as inductive coupling. In step 206, transponder 102 is activated, for instance by inductive energization of its circuitry. In step 208 transponder 102 may communicate transponder ID 110, which the receiver 106 acknowledges with an acknowledge signal over RF link 104 in step 210.

In the Claims

Please amend the following claims as set forth below:

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Claim 11 (Amended) A method of transponder-enabled transactions, comprising:

- a) coupling a receiver to a transponder at a point of sale via a wireless interface; and
- b) communicating with at least one network-enabled transaction device via a transaction interface to permit the execution of a transaction at the point of sale.

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Claim 19 (Amended) The method of claim 11, further comprising a step of c) permitting an account subscriber to register the transponder with an account via a network registration interface.

A marked up version of the amended claims to show the changes relative to the previous version of the amended claims is set forth separately as Appendix B attached to this Amendment.

Please add the following new claims:

Claim 21 The method of claim 11, further comprising a step of c) storing account information which is accessible to execute the transaction in a transaction server.

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Claim 22 The method of claim 21, wherein the account information comprises at least one of transponder ID information, account number information, account type information, account balance information, and account limit information.

Claim 23 The method of claim 22, wherein the account information is associated with the transponder.

Claim 24 The method of claim 17, wherein the personal article comprises a transaction card.

B. Cant Claim 25 The method of claim 17, wherein the personal article comprises a key.

II. Drawings

Applicants have resubmitted Figures 1 through 4 to comply with the requirements of 37 C.F.R. § 1.83(a), and kindly request consideration of these drawings. Fig. 4 now recites the limitation of “storing account information” as recited in claim 15. Although Applicants believe that the limitations, “transponder ID information” and “account balance information” as recited in claim 16 were previously included in Figs. 1 and 2, these limitations have been more fully illustrated in those same figures.

III. Claim Rejections Under 35 U.S.C. § 112

Claims 11-20 have been rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and claim the subject matter which Applicants regard as the invention. Applicants respectfully submit that the claims satisfy 35 U.S.C. § 112, as set forth below, and request that this rejection be withdrawn.

A. The Phrase “a point of sale” Is Unclear in Claim 11

The Office Action explains that the phrase in claim 11, “a point of sale,” is unclear in claim 11 because it is not known if it is “a point of sale system, a point of sale terminal, or some other point of sale device.” Claim 11 has been amended to reflect that the transponder is coupled to a receiver at a point of sale. Applicants respectfully submit that amended claim 11 satisfies 35 U.S.C. § 112, second paragraph, and respectfully requests that this rejection be withdrawn.

B. Claims 12-14, 16, 17, and 20 Are Indefinite

Applicants respectfully submit that claims 12-14, 16, 17, and 20 are definite as required by 35 U.S.C. § 112, second paragraph. “[I]t is well established that the determination whether a claim is invalid as indefinite ‘depends on whether those skilled in the art would understand the scope of the claim when the claim is read in light of the specification.’” Atmel Corp. v. Information Storage Device, Inc., 198 F.3d 1374, 1378 (Fed. Cir. 1999), citing North American Vaccine, Inc. v. American Cyanamid Co., 7 F.3d 1571, 1579 (Fed. Cir. 1993). This test has been alternatively stated as, “[t]he legal standard for definiteness is whether a claim reasonably appries those of skill in the art of its scope.” In re Warmerdam, 33 F.3d 1354, 1361 (Fed. Cir. 1994).

Applicants submit that claims 12-14, 16, 17, and 20 reasonably apprise those of skill in the art of their respective scope. Amended claim 11, from which each of these claims depend, recites a method of enabling transponder-enabled transactions comprising coupling a receiver to a transponder at a point of sale via a wireless interface; and communicating with at least one network-enabled transaction device via a transaction interface to permit the execution of a transaction at the point of sale. Claim 12 further recites that the wireless interface comprises at least one of a RF interface and an infrared interface; claim 13 further recites that transaction interface comprises a connection to a point of sale device; claim 14 further recites that the point of sale device of claim 13 comprises an electronic sale register; claim 16 recites that the account information recited in claim 15 comprises at least one of transponder ID information, account number information, account type information, account balance information, and account limit

information; claim 17 recites that the transponder of claim 11 is embedded in a personal article; and claim 20 recites that the transaction interface of claim 11 is operable to communicate with a transaction server to execute the transaction. Applicants submit that one skilled in the art will understand the scope of these claims.

These claims have not been rejected because they do not reasonably apprise those of skill in the art of their respective scope; rather, they have been rejected for “fail[ing] to recite additional method steps.” Office Action at 4, citing In re Ehrlich, 3 U.S.P.Q.2d 1011, 1017 (B.P.A.I. 1987). Applicants respectfully submit that Ehrlich does not stand for the proposition that *all* dependent method claims must recite *additional* method steps to satisfy the definiteness requirement of 35 U.S.C. § 112, second paragraph. Rather, the context of the holding in Ehrlich stemmed from a rejection of two dependent claims by an examiner on the grounds that the rejected claims “simply recite[d] a use without any active, positive steps delimiting how this use is actually practiced.” Id. The claims in Ehrlich that were rejected under 35 U.S.C. § 112, second paragraph stated, “Claim 6. A process for using monoclonal antibodies of Claim 4 to isolate and purify human fibroblast interferon” and “Claim 7. A process for using monoclonal antibodies of Claim 4 to identify human fibroblast interferon.”

The context of the recited holding of Ehrlich relates to “[a]ttempts to claim a process without setting forth any steps involved in the process . . . as they merely recite a use without any active, positive steps delimiting how this use is actually practiced.” Ex parte Werner Fries, Karl-Wilhelm Klemm, Arnold Dobbelstein and Werner Sobitzkat, 2001 W.L. 1057428, Appeal No, 1997-3643, at * 5 (B.P.A.I. 2001), citing Ehrlich.

No rejection has been made that claims 12-14, 16, 17 and 20 recite a use for which no active, positive steps delimiting how this use is actually practiced, and therefore Applicants submit that claims 12-14, 16, 17, and 20 do not come under the rule of Ehrlich. Claims 12-14, 16, 17, and 20 satisfy the requirements of 35 U.S.C. § 112, second paragraph because each of these claims reasonably apprises those of skill in the art of their respective scope. Therefore, Applicants respectfully request that the rejection of claims 12-14, 16, 17 and 20 for indefiniteness under 35 U.S.C. § 112, second paragraph be withdrawn in its entirety.

IV. Claim Rejections Under 35 U.S.C. § 102

Claims 11-20 have been rejected under 35 U.S.C. § 102(b) as being anticipated by Swartz et. al., U.S. Patent No. 5,923,735 (“Swartz”). Additionally, claims 11-16 and 18-20 have been rejected as being anticipated by Pescitelli et. al., U.S. Patent No. 5,845,256 (“Pescitelli”). Applicants respectfully submit that neither Swartz or Pescitelli recite each and every limitation of the cited claims, or newly added claims 21-25, and that the rejections for anticipation be withdrawn. As an initial matter, Applicants will set out the method of the invention as background for the discussion for analysis against Swartz and Pescitelli.

A. Claims 11-25 Relate to A Transponder-Enabled Transaction For Completing a Purchase at a Point of Sale

Pending claims 11-25 relate to a method of transponder-activated transactions that enable a sale to be authorized and executed at the point of sale. Application at p. 2, lines 14-20. A transponder is coupled to a receiver typically via a wireless interface, such as a RF interface or infrared interface, at a point of sale. Application at p. 2, lines 14-17; p. 5, line 21; claim 12. The

transponder is encoded with some identifying information. Application at p. 5, lines 2 to 5. The transponder may also include a memory, which may store an account table to record account information such as, for example, an account number, balance, limit and other information for a debit account, a cash account, a credit card account, special premises account, or other accounts. Application at p. 4, lines 3-5; p. 5, lines 5-11. A new subscriber registers a new account, for example from a client workstation, with a registration server that receives preassigned information related to the transponder, such as the transponder ID, and also account information. Application, p. 8, line 15 to p. 9, line 11. The subscriber selects which accounts to associate with the transponder, and registers account information for that account for the execution of future transactions. Id.

A receiving unit associated with a device located at a point of sale activates and couples with the transponder when they are in close proximity. Application at p. 3, lines 17 to 19; p. 4, lines 8-112; p. 5, line 18 to p. 6, line 2. The transponder radiates its encoded identifying information to the receiver to initiate and complete a purchase or other transaction at a point of sale such as a restaurant or grocery store. Application at p. 4, line 21 to p. 5, line 2; line 21 to p. 6, line 2.

Two embodiments of the invention are disclosed. In the first embodiment, the receiver may obtain account table information from the transponder, and the total purchase price at the point of sale may be validated against information within the account table, such as available credit or available cash. Application at p. 6, lines 3-10. The receiver may recalculate a new

value for storage in the account table and transmit that information to the transponder.

Application at p. 6, lines 13-16.

In the second embodiment, account table information may be stored elsewhere, such as for instance in a storage in a transaction server. Application at p. 9, line 15 to p. 10, line 4. The transaction server is linked to a point of sale device for purposes of authorizing transactions presented for payment using the transponder. Application at p. 9, lines 19-22. The transaction begins as in the first embodiment, but the point of sale device communicates with the point of sale device to validate transaction information or other information that is stored in the transaction server to complete the transaction. Application at p. 10, lines 6-10.

B. Swartz Does Not Anticipate Claims 11-25 Because Swartz Does Not Disclose Using a Transponder to Execute a Transaction at a Point of Sale

Applicants respectfully submit that Swartz does not anticipate claims 11-25 because Swartz does not disclose using a transponder to execute a transaction at a point of sale. As explained in the Office Action, Swartz allegedly anticipates the invention because it allegedly discloses: “a point of sale terminal (1 or 72) coupled to a transponder (via antenna 8); communicating and connecting to at least one network enabled transaction device (73); the wireless interface is a RF interface (a cellular network); the point of sale device is an electronic sale register (72 carried by the customer); accounting information (e.g. price of item); the transponder is embedded in a personal article (inherent, it could be put in a protective case, purse, bag, shopping cart, or other personal item or even placed in one’s coat pocket); the system communicates with a data processing facility to execute a transaction (processing a credit card

transaction); the account subscriber registers the transponder (the unit has to log on and be recognized by the system); and the system operates with a transaction server.” However, in contrast to the invention in which a user may execute a transaction at a point of sale using the transponder, Swartz is directed to a self service checkout system wherein a user scans the bar codes of items in a store using the system to obtain real time product and price information and also to create a file for checkout without requiring the cashier to individually scan each item. Swartz, col. 3, lines 45-48 and lines 53-56; col. 4, lines 4-5. Significantly, in Swartz, the information stored in or associated with the transponder is *not* used to *execute the transaction* at the point of sale. Swartz, col. 11, lines 20-23.

The system in Swartz operates by the use of a portable communications terminal that communicates with a central store host computer, and must be capable of reading bar scan codes. Swartz, col. 3, lines 16-29. Consumers may use the terminal to prepare shopping lists, for example by scanning coupons or product labels. Swartz, col. 3, lines 30-34. Upon entering a store that uses the self service checkout system, the user establishes a communications link between the terminal and the central store host computer. Swartz, col. 3 lines 38-41. As the user selects items, he or she scans the bar codes using the terminal, which transmits the bar code information to the central host computer. Swartz, col. 3, lines 43-45. The central host computer retrieves, in real time, information such as product information, product pricing, and subtotal, and sends this information back to the terminal. Swartz, col. 3, lines 45-52.

The central host computer maintains a file of the scanned items, alternatively, the file may be maintained in a memory in the terminal. Swartz, col. 3, line 43-45. When the customer

is finished shopping and takes the items to the cashier, the cashier retrieves the customer file from the central host computer rather than scan in each individual item. Swartz, col. 3, line 53-58. Security measures may be required before the transaction can be completed. Swartz, col. 3, lines 58-62. Once the security measures are complied with and coupons are entered, a final bill is calculated. Swartz, col. 3, lines 60-62. Significantly, in Swartz, the payment of the bill by the customer does not utilize any information associated with or stored in either the terminal or the central host computer, although the type of payment may be *recorded* and associated with that transponder in a historical file. Swartz, col. 11, lines 23-26. The user then terminates communication between the portable communications terminal and the store central host computer. Swartz, col. 3, lines 62-66. At this point, according to Swartz, the transaction is complete. Swartz, col. 3, lines 65-66.

Applicants respectfully submit that Swartz does not anticipate the invention for several reasons: (1) Swartz does not disclose the storing of account information including account number, balance, limit, and other information for a debit account, a cash account, a credit card account, special premises account for internal use such as by employees, or other account information associated with users of the system that is accessible to execute a transaction; (2) Swartz does not disclose the transponder being encased in forms of personal items other than cellular phones; and (3) Swartz does not disclose communication between the system and a data processing facility to execute a transaction.

1. **Swartz does not disclose the storing of account information that is accessible to execute a transaction**

Swartz does not disclose the storing of account information including account number, balance, limit, and other information for a debit account, a cash account, a credit card account, special premises account for internal use such as by employees, or other account information associated with users of the system that is accessible to execute a transaction. See Application at 5, lines 7-11; claims 11, 15 and 16. The account information disclosed by Swartz relates to products that the user of the system scans including product information such as nutrition information, expiration date, and promotional pricing methods, product price, the subtotal of all products scanned by the system user, and required security measures. Swartz, col. 3, lines 45-48 and 58-60; col. 7, lines 38-41; col. 8, line 67 to col. 9, line 2; col. 10, line 6-10 and lines 23-26; lines 53-67; claims 1, 29, and 33. The invention is not anticipated by Swartz for at least this reason.

2. **Swartz does not disclose the transponder being encased in forms of personal items other than cellular phones**

Swartz discloses the transmitter in a device that is also operable as a cellular phone Swartz, col. 5, lines 9-13 and lines 19-20; col. 6, lines 55-59; col. 8, lines 1-8; col. 11, line 63 to col. 12, line 14; claims 1, 24, and 37. Swartz does not disclose any other form of the transponder, as for instance being contained in a personal item. For this further reason, Swartz does not anticipate the invention.

3. **Swartz does not disclose communication between the system and a data processing facility to execute a transaction**

In direct contrast to the invention, the system of Swartz does *not* disclose the execution of a transaction by communicating with a data processing facility. Transactions are executed by the cashier of the store that uses the self service checkout system, and are recorded into the system by the cashier. Col. 11, lines 19-26. There is no disclosure of communication with the self service checkout system and a data processing facility to execute a transaction, and Swartz does not anticipate the invention for this further reason. In Swartz, the cashier receives the payment; in contrast, in the method of the invention, transactions are executed with no need of further information input other than the information that is associated with the transponder.

Swartz does not enable a user to execute a transaction, as in the invention, but rather only enables a user to prepare a file including items to be purchased without having those items individually scanned into the store computer by a cashier.

For all of these reasons, Swartz does not anticipate the invention, including newly added claims 21-25, and Applicants respectfully request that the rejection under 35 U.S.C. § 102(b) be withdrawn.

C. **Pescitelli Does Not Anticipate Claims 11-25**

Applicants respectfully submit that Pescitelli does not anticipate claims 11-25 because Pescitelli does not disclose using a transponder to execute a transaction at a point of sale. Pescitelli discloses a method for vending insurance policies in a stand-alone, interactive self-service terminal that is coupled to an office over a communication link. Pescitelli, Abstract; col.

2, lines 50-53. The terminals are programmed to conduct a dialogue with a customer to establish the customer's eligibility for an insurance policy, quote premiums, and solicit a purchase decision. Pescitelli, Abstract, col. 2, line 62- col. 3, line 2. If a policy is selected, the customer's credit is checked and, if approved, a policy application is printed. Pescitelli, Abstract, col. 3, lines 2-5-12; 19-22. Significantly, in Pescitelli, there is no disclosure of a transponder-enabled transaction wherein the transponder is activated by close proximity to a receiver, causing the transponder and the receiver to communicate, and to cause a transaction at a point of sale to be executed using account information registered and associated with the transponder at the point of sale.

In contrast, in Pescitelli, the transaction is the selection and ultimately the sale of an insurance policy to a user of the terminal. The transaction is initiated when the terminal senses the presence of a customer either by use of a proximity detector, or if the customer touches a touch screen. Pescitelli, col. 6, line 55 to col. 7, line 3. The terminal then presents a number of screens to select a language, provide sales messages or instructions, and gather information such as age, amount of desired coverage, and length of term for the policy. Pescitelli, col. 7, lines 4-56. The premium for the selected coverage is determined from a lookup table. Pescitelli, col. 7, lines 56-62. The customer is then asked medical questions, which responses are stored in a transaction file. Pescitelli, col. 9, lines 41-43; col. 10, lines 42-46. If the customer passes the medical test, then the customer is pre-approved for the policy, and the customer is asked if he or she wishes to review and/or purchase the policy. Pescitelli, col. 10, lines 47-55. If the customer